



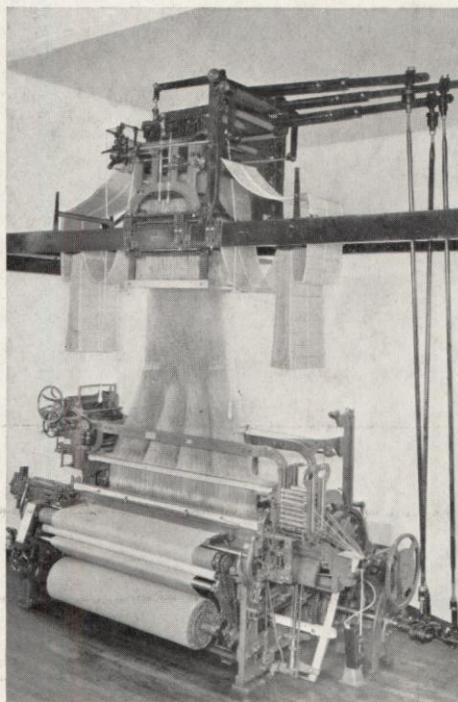
GENERAL INVESTIGATION
BUREAU OF INVESTIGATION
FEDERAL BUREAU OF INVESTIGATION

CROMPTON & KNOWLES LOOM WORKS

Annual Report

1947

WIRB
Corp. File



THE COVER:

The design on the cover of this booklet is a photographic reproduction of a Jacquard tapestry fabric, woven on a Crompton & Knowles Jacquard Loom. These Jacquards are built by our subsidiary, The Crompton & Knowles Jacquard and Supply Company of Pawtucket, R. I. Jacquards and looms are of varying sizes and capacities.

All Crompton and Knowles looms are built in our works at Worcester, Mass. Our principal types are for weaving box loom fabrics such as woolen and worsted suitings, overcoatings, blankets, silks, cottons, rayons, and other synthetics. We also build looms for weaving carpets, rugs, felts, ducks, and narrow fabrics.



Annual Report

1947

CROMPTON & KNOWLES LOOM WORKS
WORCESTER, MASS.

Allentown, Pa. - Philadelphia, Pa. - Charlotte, N. C. - Crompton & Knowles Jacquard & Supply Co., Pawtucket, R. I.

To Our Stockholders:

Presented herein is the statement of the financial position of Crompton & Knowles Loom Works as of December 31, 1947, condensed from the certified report of Peat, Marwick, Mitchell & Co., Auditors. For comparative purposes, the corresponding figures as of December 31, 1946, are shown.

The net earnings for the year 1947 were \$2,028,900.99 after all charges and provisions for Federal taxes. Dividends paid during the year covered the usual dividend of \$6.00 per share on the Preferred Stock, amounting to \$145,782.00, and \$3.00 per share on Common Stock, amounting to \$707,652.00. From the earnings, also, reserves were set up in the amount of \$950,000.00, leaving a balance of earnings of \$225,466.99, which was added to Surplus.

From these figures it will be seen that 1947 was a relatively excellent year as far as production and comparative profits were concerned. The very large increase in the volume of business that we did in 1947 as against 1946, as well as several large programs which involved the expenditure of cash, resulted in a necessity for the retention of cash to the greatest extent. It will be noted from the record

that we borrowed, during the year, from the bank \$250,000.00 to supplement our cash requirements:

The reserves covered:

1. Our setting aside \$400,000.00 as a reserve against possible price decline in inventory. Our inventory, in quantity, did not materially increase during the year, reflecting careful administration. However, there was a heavy increase in the figures at which the inventory was priced.

2. A reserve of \$200,000.00 was established for the replacement of plant and equipment which it would be necessary for us to purchase at higher than original cost.

3. The third reserve covered an allocation of \$150,000.00 for the continuation of the Plant Improvement Program, now nearing completion. A reserve of \$200,000.00, set up in 1946 for this purpose, was restored to Surplus during the year, and the expenditures involved were charged to the appropriate accounts during 1947.

4. Our pension system, the details of which were covered in the 1946 Annual Report, has proved to be much appreciated by all of our employees and we feel without question that the Company will continue to derive definite benefits therefrom. In order to make more secure its continuation, it was decided to create a reserve equal to several years' cost and to that end a reserve of \$200,000.00 was

set up to be increased in future years as earnings and conditions permit.

The Balance Sheet reflects a comparatively large amount in Advance Payments received on account of certain loom orders placed with us and not completed on December 31, 1947, at which time they amounted to \$2,205,358.79. These payments have been segregated in cash and in United States Government Securities and are held entirely apart from our own funds until such time as the deliveries are made on the respective orders to which they apply.

Federal, State and City Taxes amounted to \$1,750,822.40, or \$7.42 per share of Common Stock. In the previous year these taxes totalled \$3.50 per share of Common Stock.

GENERAL:

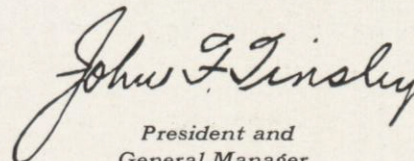
While 1947 was, on the whole, satisfactory from the standpoint of production and comparative profits, it was, however, an exceedingly difficult year relative to obtaining materials, especially steel. Our local labor situation was more satisfactory in 1947 than previously, though the supply of competent new operatives in this area is limited.

We have not increased our prices beyond what we considered absolutely necessary to take care of immediate conditions that prevail. Labor and material costs have risen greatly. General expenses incidental to Selling and Administration have not risen in the same proportion, as a result of the large increase in volume of production and sales.

During the year 1947 our Current Net Assets increased by \$449,441.28. Actual expenditures for Fixed Assets amounted to \$879,580.48, or a total additional net investment of \$1,329,021.76. The expenditure of \$590,000.00 for Plant Improvements in 1947, added to a similar program in excess of \$1,100,000.00 in 1946, has put our plant into an excellent condition for more efficient and economical operation in the future.

The Management realizes fully there is a higher so-called "break-even" point developing as a result of the drastic changes between the relationship of cost and selling prices in recent years. Likewise, the Management feels it highly important to be prudent in appraising present operating results, in the light of possible decline in sales and profits in future periods.

Due to a heavy backlog of orders, we are assured of a good production schedule for 1948, if present favorable conditions continue.


President and
General Manager

April 22, 1948



BALANCE

Assets

	<i>December 31</i>	
	<i>1947</i>	<i>1946</i>
Current Assets:		
Cash	\$1,300,909.00	\$892,635.43
United States Government, State and Municipal Notes and Bonds at face value	227,000.00	357,000.00
United States Savings Bonds, issuing agency account	19,031.25	23,118.75
Notes and Accounts Receivable—Less Reserve	2,183,888.83	1,389,865.52
Inventories at lower of cost or market	5,038,417.08	4,197,389.03
Claim for refund of Federal Taxes on Income	65,901.00	65,901.00
Total Current Assets	8,835,147.16	6,925,909.73
Advance Payments on Loom Orders segregated in cash and United States Government Bonds, contra	2,205,358.79	850,000.00
Investments in subsidiaries and other corporations at book value	261,001.00	261,001.00
Company's own stock—2,311 shares of 6% cumulative preferred at par value	231,100.00	231,100.00
Land, Buildings, Machinery, Equipment, Patterns, etc., less reserve for depreciation	5,707,573.22	5,057,363.78
Patents and Patent Rights	1.00	1.00
Deferred Charges	188,975.44	115,260.45
	<u>\$17,429,156.61</u>	<u>\$13,440,635.96</u>

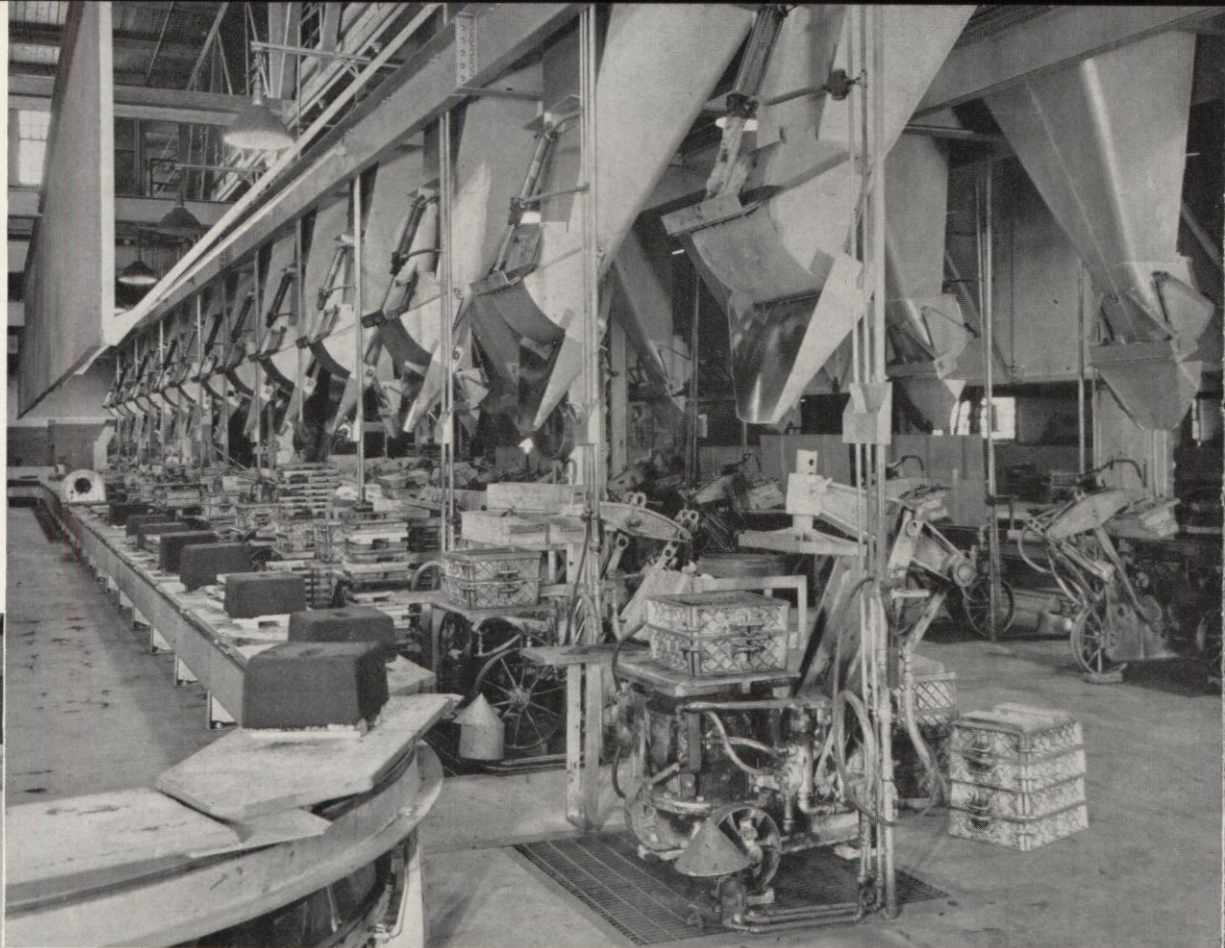
CROMPTON & KNOWLES LOOM WORKS

E S H E E T

Liabilities

	December 31	
	1947	1946
Current Liabilities:		
Notes Payable, bank	\$250,000.00	—
Accounts Payable	709,153.41	\$446,952.70
Accrued payrolls, taxes, etc.	528,795.00	311,821.65
Provision for Federal Taxes on Income	1,319,622.09	560,000.00
Dividends Payable	36,445.50	36,445.50
Liability under Employees' Retirement Fund	—	29,000.00
Total Current Liabilities	2,844,016.00	1,384,219.85
Advance Payments on Loom Orders, contra	2,205,358.79	852,101.28
Reserves:		
Possible price decline in inventories	400,000.00	—
Replacement of plant and equipment at higher than original cost	200,000.00	—
Employees' Retirement Trust Plan	200,000.00	—
Plant improvement programs	150,000.00	200,000.00
Total Reserves	950,000.00	200,000.00
Capital Stock:		
6% cumulative Preferred Capital Stock of \$100.00 par value per share, callable at \$102.50 per share plus accrued dividends. Authorized and issued 26,608 shares (including 2,311 shares acquired and held in treasury)	2,660,800.00	2,660,800.00
Common Capital Stock, no par value:		
Declared value \$25.00 per share	5,897,100.00	5,897,100.00
Authorized and issued 235,884 shares	2,871,881.82	2,446,414.83
Earned Surplus	—	—
	<u>\$17,429,156.61</u>	<u>\$13,440,635.96</u>

NEW MECHANIZED FOUNDRY—showing
Conveyor Train at left with completed
molds; Overhead Sand Delivery Chutes
and Squeezer Molding Machine units
are at right.



ANOTHER VIEW OF THE NEW
MECHANIZED FOUNDRY—
showing two banks of Squeezer
Molding Machines.

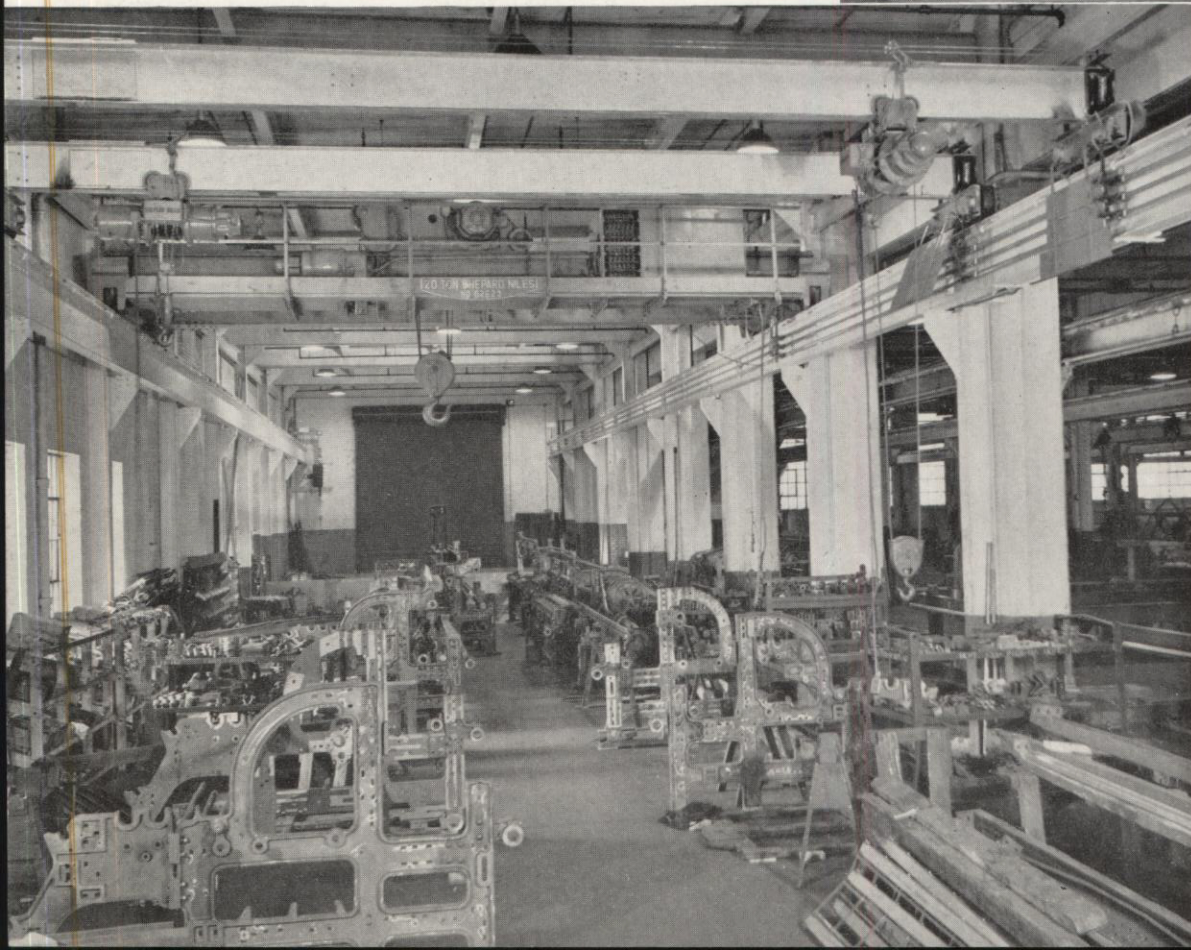
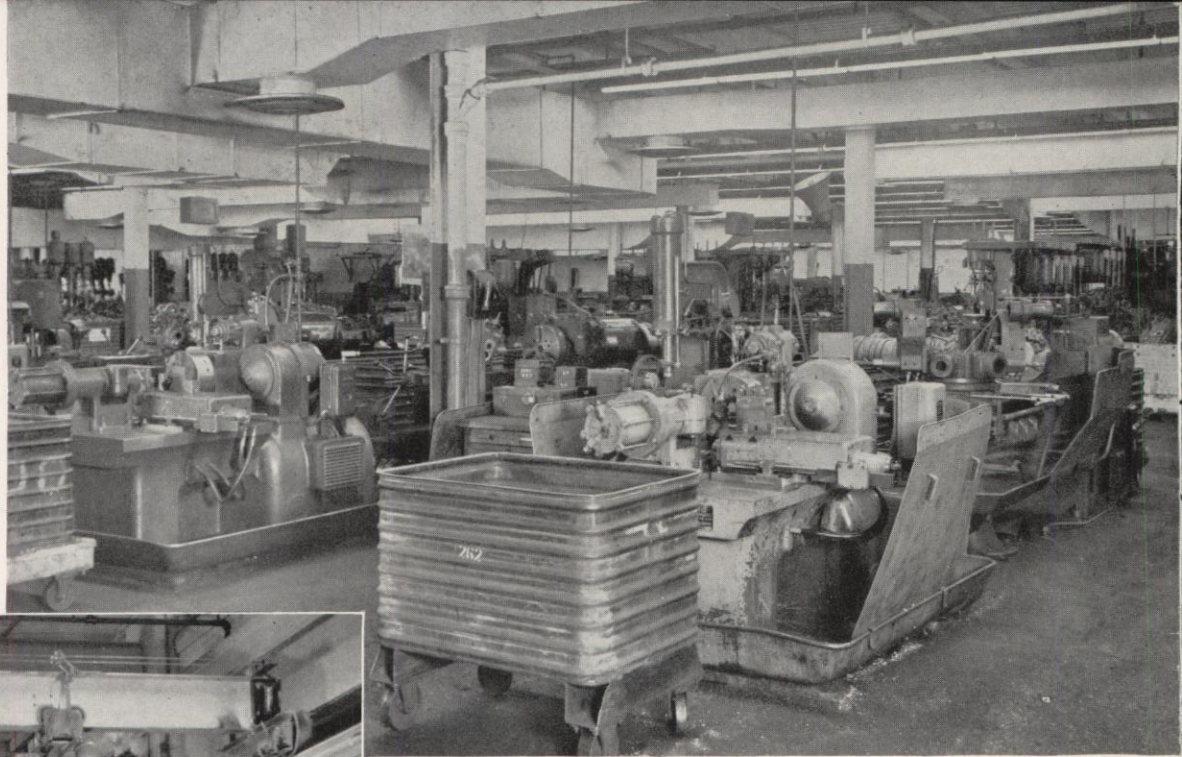


MECHANIZED FOUNDRY—showing detail of Pouring Platform, Pouring Bucket and Cooling Chamber.



MECHANIZED FOUNDRY—showing Pouring Platform in rear and Molding Machines and Conveyor Trains at right.

NEW CAST IRON MACHINING DEPARTMENT—
with the latest in air conditioning and lighting for
the comfort and efficiency of our employees—is
equipped with the most efficient machine tools
which will process over 90% of the castings used
in the manufacture of our latest types of looms.



NEW CARPET LOOM ERECTING BAY—with inside
loading platform in rear—is equipped with a
twenty-ton overhead crane for loading completed
looms directly into trucks.

Directors

GEORGE CROMPTON	Worcester, Mass.	HENRY FRANK PHELPS	Philadelphia, Pa.
RUFUS S. FROST	Worcester, Mass.	CHARLES STETSON	Boston, Mass.
MABEL KNOWLES GAGE	Worcester, Mass.	JOHN F. TINSLEY	Worcester, Mass.
FREDERIC W. HOWE, JR.	Worcester, Mass.	IRVING H. VERRY	Worcester, Mass.
LUCIUS J. KNOWLES	Boston, Mass.	FRANCES KNOWLES WARREN	Boston, Mass.
ALBERT PALMER	Worcester, Mass.	HAROLD R. WING	Worcester, Mass.

Officers

JOHN F. TINSLEY	<i>President and General Manager</i>
IRVING H. VERRY	<i>Vice-president</i>
RUFUS S. FROST	<i>Vice-president, Treasurer and Clerk</i>
FREDERIC W. HOWE, JR.	<i>Vice-president and Sales Manager</i>
ALBERT PALMER	<i>Vice-president</i>
ALBERT W. MUIR, JR.	<i>Assistant Treasurer</i>

Transfer Agents:

WORCESTER COUNTY TRUST CO.

Auditors:

PEAT, MARWICK, MITCHELL & CO.

CROMPTON & KNOWLES LOOM WORKS WORCESTER, MASS.

Allentown, Pa. - Philadelphia, Pa. - Charlotte, N. C. - Crompton & Knowles Jacquard & Supply Co., Pawtucket, R. I.

